

June 27, 1979

To Our Clients

Going Private

A recent decision by the Ninth Circuit Court of Appeals, Valley National Bank v. Westgate California Corp., No. 77-3388 (9th Cir. May 30, 1979), applying California law (but failing to cite Jutkowitz v. Bourns) holds that a cash freezeout at a fair price was permissible under the California corporation law before the 1978 amendments and that

- (1) relief from SEC reporting requirements,
- (2) greater access to equity capital,
- (3) elimination of potential conflicts of interest, and
- (4) ability to make better use of parent company management skills in the subsidiary's business,

were legitimate reasons for justifying a freezeout.

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